California Health Benefits Review Program

Issue Brief:
Estimates of Sources of Health Insurance in California for 2019

California Health Benefits Review Program
University of California, Berkeley
MC 3116
Berkeley, CA 94720-3116

T: (510) 664-5306

www.chbrp.org

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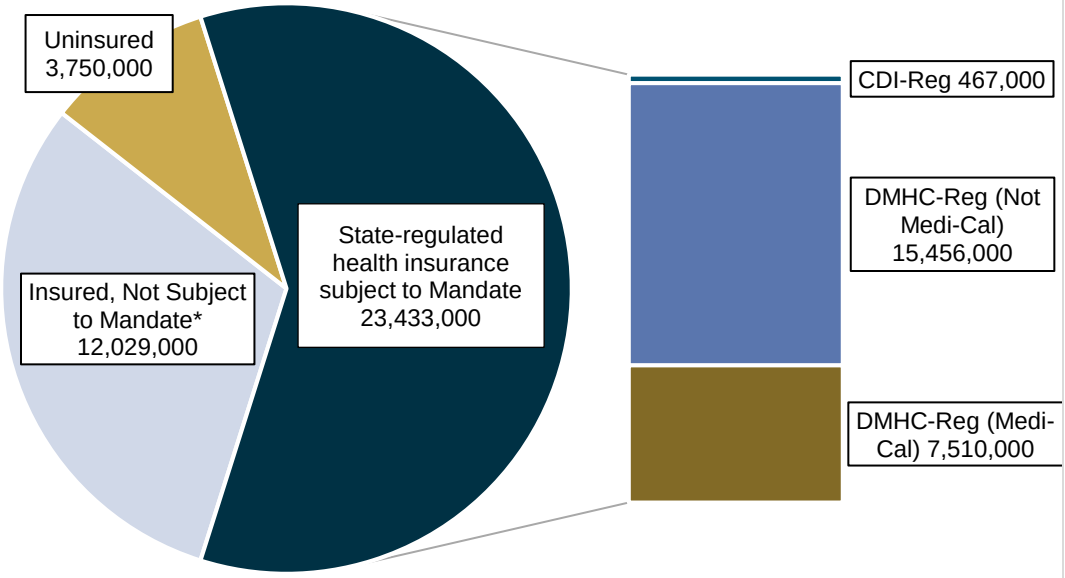
CALIFORNIA
HEALTH BENEFITS REVIEW PROGRAM

OVERVIEW

The California Health Benefits Review Program (CHBRP) responds to requests from the California Legislature to analyze bills related to health insurance.[1] As part of the analyses, CHBRP annually updates its Cost and Coverage Model, which includes estimates of sources of health insurance in California. This brief discusses CHBRP's 2018 estimates.

As shown in Figure 1, most Californians will be enrolled in health insurance regulated by either the California Department of Managed Health Care (DMHC) or the California Department of Insurance (CDI). Other Californians will have other types of health insurance or will remain uninsured.

Figure 1. 2019 Health Insurance by Regulator in California



*Such as enrollees in Medicare, Medi-Cal not regulated by DMHC (FFS 1,608,000 and COHS 1,772,000), and self-insured products
Source: California Health Benefit Review Program, 2018

In 2018, CHBRP estimates that California's population will be 39.1 million. Figure 1 presents several key elements regarding the sources of health insurance in California:

- 60% will be enrolled in DMHC-regulated health care service plans or CDI-regulated health insurance policies. This figure includes beneficiaries of Medi-Cal (California's Medicaid program) who are enrolled in DMHC-regulated plans.
- 31% will have health insurance associated with some other regulator. Primarily, these are Californians who are Medicare beneficiaries or who are enrolled in self-insured products. This figure includes enrollment in Medi-Cal Fee-For-Service (FFS) or in County-Organized Health System (COHS) managed care. These Californians will have health insurance that is not subject to state-level health insurance laws. Only DMHC-regulated plans or CDI-regulated policies may be subject to state-level health insurance laws.

[1] Established in 2002, CHBRP's authorizing statute is available at: http://www.chbrp.org/faqs.php.

ESTIMATES OF SOURCES

Annually, CHBRP updates its Cost and Coverage Model (CCM) to estimate baseline health insurance enrollment and to project marginal, incremental impacts on benefit coverage, utilization, and cost of proposed health insurance legislation.[2] The California Legislature generally proposes laws that would take effect in the following calendar year or later (if enacted, bills proposed in 2018 would generally take effect in 2019). For this reason, CHBRP annually projects the state's future distribution of health insurance by market segment.

Figure 2 describes the analytic timeline for bill introduction; preparation for and completion of bill analyses; and effective period of legislation if the bill is enacted.

Figure 2. Analytic Timeline

Despite the temporal challenges noted in Figure 2, CHBRP must project future estimates to analyze proposed bills. Table 1, which appears on the following page, presents CHBRP's detailed estimates of sources of 2019 health insurance in California.[3]

This document explains the categories used in Table 1 and provides a brief discussion on the importance of various market segments in analyzing proposed state-level health insurance legislation.[4]

Enrollment Estimates and the Affordable Care Act

Although CHBRP is monitoring federal developments relevant to the Affordable Care Act (ACA), until any proposed changes are implemented, CHBRP will continue to anticipate impacts of the ACA on health insurance in California, including the following:

- Continued expansion of Medi-Cal eligibility.
- Continued presence of Covered California (the state's health insurance marketplace, through which subsidized health insurance may be available).

[2] Information on the CCM is available at: http://www.chbrp.org/analysis_methodology/cost_impact_analysis.php.
[3] Additional documents describing CHBRP's approach to developing baseline projections as well as cost impact analyses are available at: http://www.chbrp.org/analysis_methodology/cost_impact_analysis.php.
[4] For a more detailed discussion of data sources and approaches, see CHBRP's *2017 Cost Impact Analyses: Data Sources, Caveats, and Assumptions*, available at: http://www.chbrp.org/analysis_methodology/docs/2016%20Cost%20Impact%20Analysis%20Final.pdf.

- Continued presence of some "grandfathered" plans and policies (privately funded plans and policies in existence before the ACA was signed). Grandfathered plans and policies are substantially unchanged and are exempt from some of the ACA's requirements.[5]

[5] A grandfathered health plan is "a group health plan that was created—or an individual health insurance policy that was purchased—on or before March 23, 2010. Plans or policies may lose their 'grandfathered' status if they make certain significant changes that reduce benefits or increase costs to consumers." Accessed at: http://www.healthcare.gov/glossary/grandfathered-health-plan.

Table 1. 2019 Sources of Health Insurance in California

Publicly Funded Health Insurance

	Age	DMHC-regulated	Not regulated by DMHC or CDI	Total
Medi-Cal	0-17	2,759,000	576,000	3,335,000
	18-64	3,425,000	715,000	4,140,000
	65+	68,000	17,000	85,000
Medi-Cal COHS	All	-	1,772,000	1,772,000
Other public	All	-	-	533,000
Dually eligible Medicare & Medi-Cal	All	1,258,000	300,000	1,558,000
Medicare (non Medi-Cal)	All	-	-	4,282,000
CalPERS	All	887,000	295,000	1,182,000

Privately Funded Health Insurance

		DMHC-regulated		CDI-regulated		
	Age	Grand-fathered	Non-Grand-fathered	Grand-fathered	Non-Grand-fathered	Total
Self-insured	All	-	-	-	-	3,539,000
Individually purchased, Subsidized CovCA	0-17	-	44,000	-	-	44,000
	18-64	-	924,000	-	2,000	926,000
	65+	-	-	-	-	-
Individually purchased, Non-Subsidized CovCA and Outside CovCA	0-17	23,000	231,000	20,000	7,000	281,000
	18-64	75,000	742,000	64,000	64,000	904,000
	65+	5,000	37,000	3,000	1,000	46,000
Small group	0-17	87,000	679,000	-	33,000	799,000
	18-64	286,000	2,054,000	1,000	98,000	2,417,000
	65+	4,000	29,000	-	1,000	34,000
Large group	0-17	457,000	1,845,000	1,000	51,000	2,354,000
	18-64	1,383,000	5,588,000	4,000	156,000	7,131,000
	65+	20,000	78,000	0	2,000	100,000

Uninsured

Age	Total
0-17	145,000
18-64	3,571,000
65+	34,000

California's Total Population **39,212,000**

Source: California Health Benefits Review Program, 2018.
Key: CDI = California Department of Insurance; CalPERS = California Public Employees' Retirement System; COHS = County-Organized Health System; CovCA = Covered California (the state's health insurance marketplace); DMHC = California Department of Managed Health Care

The continued presence of grandfathered plans and policies is relevant to CHBRP's analyses of health insurance bills because these plans and policies are not subject to the same requirements as are others (and so could be differently affected by a new health insurance law). For example, grandfathered plans and policies are not required by the ACA to: (1) cover specific preventive services without cost sharing; (2) restrict cost sharing for emergency services; and (3) cover essential health benefits (EHBs).[6,7]

As displayed in Figure 1, of the 23.4 million Californians enrolled in DMHC-regulated plans or CDI-regulated policies, 10% of these enrollees will be enrolled in grandfathered plans or policies.

Enrollment by Market Segment and Purchaser

As noted in the overview, health insurance available through DMHC-regulated plans and CDI-regulated policies may be subject to state-level benefit-related legislation written into one or two sets of laws: the Health and Safety Code (enforced by DMHC) and/or the Insurance Code (enforced by CDI). However, such legislation may be written to exempt some health insurance market segments or to exempt health insurance associated with certain purchasers. To correctly determine the impact of proposed legislation, CHBRP projects: (1) the number of Californians enrolled in health insurance market segments and (2) the number of purchasers that might be of interest to the California Legislature (including, but not limited to, health insurance associated with Medi-Cal, California Public Employees' Retirement System [CalPERS], and Covered California). Similar to Figure 1, Table 1 indicates enrollment in DMHC-regulated plans and CDI-regulated policies. However, Table 1 provides further information, such as age of enrollees and details of market segments and purchasers.

Key elements of information from Table 1 include:

- 15.0 million Californians will be enrolled in privately funded DMHC-regulated plans or CDI-regulated policies.
    - 64% will be associated with the large group market (101+ enrollees). A majority of these enrollees will be in DMHC-regulated plans.
- 10.9 million Californians will be Medi-Cal beneficiaries.
    - 69% will be enrolled in DMHC-regulated plans. The rest will be enrolled in County-Organized Health System (COHS) managed care or associated with the Fee-For-Service (FFS) program.

[6] As indicated in federal and California state law, non-grandfathered group and individual health insurance plans and policies must cover certain preventive services. See CHBRP's brief *Federal Preventive Services Mandate and California Benefit Mandates*, available at: http://chbrp.org/other_publications/index.php.

[7] The essential health benefits categories are: ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance abuse services, including behavioral health treatment, prescription drugs, rehabilitation and habilitation services and devices, laboratory services, preventive and wellness services and chronic disease management, pediatric services, including oral and vision care. See CHBRP's brief *California's State Benefit Mandates and the Affordable Care Act's "Essential Health Benefits,"* available at: http://chbrp.org/other_publications/index.php.

- 1.2 million Californians will have health insurance associated with CalPERS.
    - 75% will be enrolled in DMHC-regulated plans. The remaining CalPERS enrollees are associated with CalPERS' self-insured health insurance products, which are not subject to state-level health insurance legislation.
- 3.6 million Californians will be enrolled in privately funded self-insured products, which are not subject to state-level health insurance legislation.

CONCLUSION

To estimate potential impacts of health insurance-related legislation that will take effect in the future, CHBRP develops forward-looking estimates of health insurance enrollment in California. Annual updates to CHBRP's Cost and Coverage Model are necessary to project insurance enrollments by market segment and various purchasers.

The resulting projections of health insurance market segments in California may be of use to the Legislature and to others interested in California health policy, in addition to CHBRP's analytic work.